Scott. II-27—25,006—27-10-32.

Dev (1934) Department.

Mi SERIES.

G.O. No. 1345 Dev

DATED 26.9.34

[Despatch Abstract.]

Industries

Stores Act to Industries

Bellary Watch factory - M. Ramanna

— to be used - Government

Dev. 974-I
10-3-34 C.F. 30.

ASSISTANT SECRETARY TO GOVERNMENT 10 MAR 1934 DEVELOPMENT DEPARTMENT

Industries DEPARTMENT.

Received ..... 19 *Registered* C.D 1221 19
5.10

Subject.

Suit - Notice under section 80 Civil Procedure Code - Muthyala Ramanna - Match Factory - Alleged recovery of excess amount.

ENCLOSURES.
No. Copies of letter & Suit notice.
Spare copies.....

No. 595-A/33.

Station Madras, *Dated the* 9th March 1934

From (Name) V. Ramakrishna Esq., M.A, I.C.S., M.L.A.,
(Designation) Director of Industries.

To The Secretary to the Government of Madras,
Development Department.

Sir,

A at P. 2 infra

I submit for the orders of Government a copy of letter L.Dis.C.717/34 dated 10th February 1934 from the Collector of Bellary, together with the suit notice given by Mr.S. Narasinga Rao, Pleader, Bellary, for the refund of excess interest alleged to have been recovered from his client Muthyala Ramanna, Bellary. Prior to the receipt of this letter, a copy of the notice was received direct in this office from Mr. S. Narasinga Rao, Pleader, Bellary and was forwarded to the Government Solicitor in my letter No.595-A/33 dated 5th February 1934 (copy enclosed) for advice and I have not heard from him so far although he has been reminded on 28th February 1934. I shall submit his reply to Government on its receipt.

P 5-7 infra.

3-4 infra.

2. The suit notice, it will be observed, states that there is no provision for charging penalty either in the mortgage bond or the rules framed under the State Aid to Industries Act. From the Government Solicitor's letter No.3108 dated 6th November 1931 (copy attached) it will be observed that the basis on which the calculation was made in the statement of account of Ramanna furnished to Government with my letters No.57-A/32 dated 24th May 1932 and 595-A/33 dated 5th September 1933 was approved by him as correct according to the conditions laid down in the mortgage deed and in Rule 22 of the Rules framed under the State Aid to Industries Act.

Pages 432-439

for Director of Industries.

VRN.9.3.

Copy of letter No.L.Dis.No.C.717/34 dated 10th February 1934, from the Collector of Bellary to the Director of Industries.

Suit - notice under section 80 C.P.C. - Muthyala Ramanna - Bellary - Match Factory - recovery of excess interest.

I enclose for necessary action a suit notice given by Mr. S. Narasinga Rao, Pleader, Bellary for the refund of excess interest alleged to have been recovered from his client, Muthyala Ramanna, Bellary.

Copy of this office letter No.595-A/33 dated 5th February 1934, to the Government Solicitor, Madras.

State Aid - Late Match Factory of Muthyala Ramanna, Bellary.

I enclose a copy of a notice dated 27th January 1934 issued by Mr. S. Narasinga Rao Pleader, Bellary on behalf of his client Muthyala Ramanna of the late Match Factory. The notice is addressed to the Secretary of State for India represented by the Collector of Bellary, a copy of which has been sent to me. It will be observed that the notice demands payment by Government by 1st April 1934 of Rs.1,774-8-5 alleged to be the balance according to the calculations referred to therein, failing which a suit is threatened. The notice states that simple interest only is leviable and that there is no provision for the levy of penal interest on the amount due either in the mortgage bond or in the Rules framed under the State Aid to Industries Act. From your letter No.3108 dated 6th November 1931, it will be observed that you agreed that the basis on which my calculation was made appeared to be correct and in conformity with the conditions laid down in the mortgage deed and in Rule 22 of the Rules framed under the State Aid to Industries Act. The notice also adds that the cause of action arose on or after 24th February 1932 (33?) when the alleged excess amount was collected at Bellary. Of the several items of payments referred to in paragraph(2) of the notice, payment of items (3) to (6) was, as you are aware, made in Madras, while, as regards item (7), a cheque for Rs.219/ drawn on the Imperial Bank , Bellary was received from Messrs. Zackria Sait & Sons, Bellary, and credited to Government account at the Imperial Bank of India, Madras. In the circumstances I request that you will kindly let me know what action is to be taken on the notice.

2. In this connection I may mention that Government waived the recovery of the balance of Rs.1162-9-3 due from Ramanna in G.O.No.1221 Ms. Development dated 5th October 1933 (copy attached) and also decided not to pursue the question of

of the recovery of the costs incurred by them in defending the suit filed against Ramanna by his minor sons. Vide Government Memorandum No.3286-II/28-30 dated 27th July 1932 - (copy attached). These concessions do not appear to have been appreciated by Ramanna.

Copy of letter No.3108 dated 6th November 1931 from the Government Solicitor, Madras to the Director of Industries.

Recovery of money from Muthiala Seenappa Ramanna.

I have the honour to acknowledge receipt of your letter No.15-A/31 dated 3rd November 1931.

2. I have perused the statement attached to your letter under reply showing a sum of Rs.23,836-4-11 due by Muthiala Seenappa Ramanna to Government. I have not worked out the figures myself and I am therefore, not in a position to state whether the said sum of Rs.23,836-4-11 represents the correct amount due to Government. The basis however on which the calculation is made in such statement appears to be correct and in conformity with the conditions laid down in the mortgage deed and in Rule 22 of the rules framed under the State Aid to Industries Act.

3. With regard to paragraph 3 of your letter I am of opinion that the costs incurred by Government in defending the suit adverted to therein may be recovered from Ramanna as such costs represent the damages sustained by Government as a consequence of the breach by Ramanna of the implied covenant that he is empowered to transfer by way of mortgage the properties in question. Such damages, must however, be separately claimed and recovered from Ramanna, and cannot be added on to the amount due under the above mortgage.

4. With regard to the suit mentioned in paragraph 4 of your letter I am of opinion that the best course to adopt would be to get the same adjourned to some day in the first week of January by which time the different questions that are now outstanding in connection with this matter would probably be settled.

From

S. NarasingaRao, B.A., B.L.,

Vakil, Bellary.

To

The Secretary of State for India in Council
represented by the Collector of Bellary.

COLLECTOR'S OFFICE Regd. No. 29 JAN 1934 BELLARY

Ref:- State Aid to Industries Act -
Loan granted to Muthyala Ramanna, Bellary
Match Factory.

Sir,

I have been instructed by my client Muthyala Ramanna to issue a notice as follows:-

(1) That the Government granted a loan of Rs.20,000/- under the above Act to my client and my client executed a mortgage-deed on 23rd September 1927. In pursuance to that contract of mortgage, the amount of Rs.20,000/- was paid to my client on 29th September 1927, interest being chargeable at 6½ per cent per annum.

(2) As you know, the Factory was destroyed by fire and my client made payments to you as follows towards the above said debt. The following are the payments made:-

(1)	Rs. 1500-0-0	on 17-9-30	Sale price of machinery
(2)	" 2265-0-0	on 30-9-30	do.
(3)	" 19590-12-0	" 27-1-32	From the New India -- Insurance Company
(4)	" 137-2-0	" 22-3-32	do.
(5)	" 3377-12-4	" 24-2-33	do.
(6)	" 369-14-11	not known	do.
(7)	" 219-0-0	7-3-33	From Zacria Sait
	27659-10-1		

3. From the statement of account sent to my client by the Director of Industries, Madras on 5-12-1933, my client finds that penal interest has been charged at various stages on the amount due -- under the above said mortgage bond.

4. On a true and proper construction of the bond, my client is advised that no penal can be charged since there is no provision for such a step either in mortgage bond or in the rules framed under the State Aid to Industries Act V of 1923.

5. My client is liable to pay only simple interest at 6½ per cent from the date of payment of the loan viz: 29-9-1927.

6. The following is a correct account of the transaction:-

Principal:		Rs. 20,000- -0
(i) Interest on the above at 6½ % from 29-9-27 to 17-9-30		3,860-13-2
		23,860-13-2
Deduct amount paid on 17-9-30	Rs.	1,500- -0
		22,360-13-2
(ii) Interest on Rs.20,000/- at 6½% from 17-9-30 to 30-9-30		46-4-10
		22,407- 2-0
Deduct amount paid on 30-9-30		2,265- 0-0
		20,142- 2-0
(iii) Interest on Rs.20,000/- at 6½ % from 30-9-30 to 27-1-32		1,723-13-4
		21,865-15-4
Deduct amount paid on 27-1-32		19,590-12-10
		2,275- 2-6

B.F.	2,275-4-6
(iv) Interest on Rs.2275/- at 6½% from 27-1-32 to 22-3-32	22-4-6
	2,297-7-0
Deduct amount paid on 22-3-32	137-2-0
	2,160-5-0
(v) Interest on Rs.2160/- at 6½% from 22-3-32 to 24-2-33	130-6-5
	2,290-11-5

7. It will be seen from the above account that a sum of Rs.2290-11-5 was due on 24-2-33 but Rs.3377-12-4 was collected on that date, so that there was an excess collection of Rs.1087-0-11. Subsequent to that date a sum of Rs.588-11-0 was collected. The interest on these two sums at 6½ % from the respective dates of collection comes to Rs.96-6-6. Thus in all a sum of Rs.1774-8-5 is due to my client.

8. Please take notice that if the above said -- amount is not paid by 1-4-34 a suit will be filed against you for recovery of the same. You will be liable for all costs. The cause of action in favour of my client arose on or after 24-2-32 when excess amount were -- collected at Bellary when the contract of mortgage was entered into.

S. Narasimha Rao
27-1-34
P l e a d e r.

B e l l a r y,
27th January 1934

? Dev. 1035-II
15-3-34

URGENT

C.F. 30.

Industries DEPARTMENT.

Received ..... 19 *Registered* ..... 19 .

Subject.

Suit Notice - Muthyala Ramanna of the late Match Factory, Bellary.

ENCLOSURES.
No. Copies of letter & 2 Encs. (4 sheets)
Spare copies .....

No.595-A/33.

Station Madras , *Dated the* 12th March 1934.

From (Name) V. Ramakrishna, Esq., M.A., I.C.S., M.L.A.,
(Designation) Director of Industries.

To The Secretary to the Government of Madras,
Development Department.

Sir, pp 1 + 2 supra.

Reference: My letter No.595-A/33 dated 9th March 1934.

I have since received a reply from the Government Solicitor on the above subject, and enclose a copy of his letter No.832 dated 8th March 1934. I also enclose a copy of his letter No.208 dated 19th January 1934 referred to in paragraph 2 of his letter under reference. It will be observed that the Government Solicitor is now of the opinion that on a true and proper construction of Rule 22 of the Rules framed under the State Aid to Industries Act, penal interest can be charged only on instalments of interest or of principal and interest which are in arrears and not on the total amount

p 11 infra

p 12 + 13 infra

p 11 infra

*Quoted in para 2 page 233 (T)

amount of the loan which has become due by reason of the failure of the borrower to observe one of the conditions contained in the mortgage deed as in the case relating to the loan to L. Nanjundaswami. He suggests that, as the matter has now assumed an important shape, the question of the right to collect penal interest under the said Rules may be referred to the Advocate-General for his opinion and action taken as advised by him.

2. As Government are aware, the whole amount in this instance was demanded by a notice since Mr. Ramanna failed to pay the first instalment of the loan due on 1st October 1928 and also to comply with the terms of a previous notice demanding another sufficient security owing to the mortgaged property having been partially destroyed by fire and the security having consequently been rendered insufficient. From the statement of Mr. Ramanna's account submitted to Government with my letters No.57-A/32 dated 24th May 1932 and No.595-A/33 dated 5th September 1933, it will be observed that penal interest was charged on the first instalment from 1st October 1928 and only simple interest on the balance of principal from that date till the 4th May 1929, on which date the period of notice demanding payment expired and the whole amount became payable. As the amount thus became payable and fell in arrears, penal interest from 4th May 1929 was levied with the approval of the Government Solicitor on the balance of this principal and simple interest thereon up to that date, the amounts as and when received on Mr. Ramanna's account having been adjusted first towards the penal interest due, then the simple interest and last the principal. The Government Solicitor is now of the opinion that the penal interest is leviable only on instalments of interest or of principal and interest which are in arrears, and I take it that, whatever the reasons for calling in the entire amount may be e.g., default of payment of an instalment or failure to comply with the conditions of the mortgage deed, etc., penal interest is leviable not on the amount outstanding but only on all instalments that are in arrears prior to the full discharge of the entire loan. If this is so, the date on which the last payment on behalf of Mr. Ramanna was made was the 7th March 1933

and five instalments were therefore in arrears till then viz., 1st October 1928, 1st October 1929, 1st October 1930 1st October 1931 and 1st October 1932. I have had prepared accordingly a statement showing the amounts due including penal and simple interest and the amounts adjusted against them, from which it will be seen that an excess amount of Rs.750-2-0 was collected on 24th February 1933 and another amount of Rs.219/- on 7th March 1933. If the Advocate General agrees with the revised opinion of the Government Solicitor that penal interest is leviable only on instalments in arrears and not on the entire amount called in and outstanding against the borrower, it would appear that the above amounts are due to Mr.Ramanna and would perhaps be allowed to carry interest at 6 per cent per annum. The suit notice, it will be observed, demands payment of the excess amount collected before the 1st April 1934, failing which a suit is threatened.

3. In the circumstances I request that early orders may issue as to the action to be taken on the suit notice.

for Director of Industries.

VRN.13.3.

Copy of letter No.832 dated 8th March 1934 from the Government Solicitor, Madras, to the Director of Industries, Madras.

Subject: Late Match Factory of Muthyala Ramanna, Bellary.
Ref: Your letter No.595-A/33, dated 28th February 1934.

I have now perused the copy of the letter dated the 27th January 1934 sent by a Vakil at Bellary on behalf of the above Muthyala Ramanna in which he claims that as on a true and proper construction of the bond his client is not liable to pay any penal interest his client is now entitled to a refund of a sum of Rs.1,774-8-5. I am asked to advise whether such claim is tenable.

2. In his s[illegible]er the Vakil states that there is no provision for such a step either in the Mortgage Bond or in the Rules framed under the State Aid to Industries Act. In this connection I [illegible] refer you to paragraph 4 of my letter No.208 dated the 19th January 1934 in which I have advised that on a true and proper construction of Rule 22 of the Rules framed under the State Aid to Industries Act penal interest can be charged only on instalments of interest or principal and interest which are in arrears and not on the total amount of the loan which has become due by reason of the failure of the borrower to observe one of the conditions contained in the Mortgage Deed. On principle therefore I do not see any difference between the present case and the one in which I have already advised. As the matter has now assumed an important shape I can only suggest that the question of the right to collect penal interest under the said Rule may be referred to the Advocate General for his opinion and action taken as advised by him.

Copy of letter No.208, dated 19th January 1934 from Arthur Thomas, Esq., Government Solicitor, Madras to the Director of Industries, Madras.

Loan to L. Nanjundaswamy - recovery of -

I have the honour to acknowledge receipt on the 21st December 1933 of your letter No.7/31, dated the 19th December 1933.

2. I gather from the said letter that a silk reeling machine belonging to the abovesaid person was attached and put up for sale by auction by the Collector of Coimbatore but as bids for the same were for amounts much less than the actual price of the machine in question the property was not sold at such auction. As your department require one such machine I am asked to advise whether the machine may be taken over by your department without a fresh sale.

3. I am of opinion that under the circumstances there must be a fresh sale by auction at which an employee of your department may bid for the same. As such sales are always viewed with suspicion by Courts of Law, sufficient publicity of the sale by auction should be given and due notice of the sale should also be given to the owner of the property.

4. With regard to the question of penal interest now proposed to be claimed by you (x) I take it that you propose to claim such interest under Rule 22 of the Rules made under the State Aid to Industries Act. I have considered the provisions of the said Rule and must say that it appears to me that no penal interest can be claimed in the present case. The Rule in question provides that penal interest at a particular rate may be levied "on every instalment of interest or of principal and interest which is not paid on the dates fixed for payment". In the present case I gather that owing to the failure of the borrower to utilise the loan for the purpose for which it was sanctioned the the whole loan has become due and payment of such amount was demanded from the borrower by registered letter dated the 25th June 1931. As the provision contained in Rule 22 is in the nature of a penalty, the same will be strictly construed

Quoted

by a Court and I am therefore of opinion that penal interest can be claimed only on instalments of interest or principal and interest which are not paid on the dates fixed for payment of a same but not on the whole amount of the loan which has fallen due owing to the failure by the borrower to observe one of the conditions of the loan.

(T)

14

State Aid - Bellary Match Factory.

Statement of Account.

	Principal			Simple Interest (6½%)			Penal Interest (10%)		
I Instalment									
1. From 1-10-1928 to 17-9-1930 penal interest on Rs 1822-2-0 at 10% for 1 yr. 11m. 16 days.	Rs 515	a.p. 0 0		Rs 1307	a.p. 2 0		Rs 357	a.p. 7 0	
II Instalment (1822-2-0)									
2. From 1-10-1929 to 17-9-1930 penal interest on Rs 1815 @ 10% - 351 days	548	8 0		1266	8 0		174	8 7	
(1815)									
Total due on 17-9-1930 excluding 18 remaining instalments	1063	8 0		2573	10 0		531	15 7	
Amount received (Rs 1500) on 17.9.30.				968	0 6		531	15 7	
Balance due on 17-9-1930 excluding 18 remaining instalments	1063	8 0		1605	9 7		--		
3. From 17-9-1930 to 30-9-1930 penal interest @ 10% on Rs 2669-1-7 13 days.							9	8 0	
Due on 30-9-1930 excluding remaining 18 instalments	1063	8 0		1605	9 7		9	8 0	
4. Received on 30-9-1930 (Rs 2265)	649	14 5		1605	9 7		9	8 0	
5. Balance on 30-9-1930 excluding remaining 18 instalments	413	9 7		--			--		
6. From 30-9-30 to 27-1-32 1 Yr. 119 days @ 10% penal interest on Rs 413-9-7							54	13 5	
III Instalment.									
7. From 1-10-30 to 27-1-32 Rs 1815 @ 10% penal interest 1 year and 118 days	584	2 0		1230	14 0		240	2 10	
IV Instalment									
8. From 1-10-31 to 27-1-32 Rs 1815 @ 10% penal interest 118 days	622	2 0		1192	14 0		58	10 10	
Due on 27-1-1932 excluding 16 remaining instalments	1619	13 7		2423	12 0		353	11 1	
9. Balance of Principal on 1-10-31 Rs 17,730-4-0 @ 6½% from 1-10-31 to 27-1-32 - 118 days	17730	4 0		372	9 3				
10. Due on 27-1-1932	19350	1 7		2796	5 3		353	11 1	
11. Received on " (Rs 19,590-12-10)	16440	12 6		2796	5 3		353	11 1	
12. Balance due on 27-1-1932	2909	5 1							

Development Departmen

Memorandum No. 974-II/34-1 dated 18-3-

Subject: State Aid to Industrie
Act - Loan to Muthyala Ramanna - Levy
of Penal interest - Opinion called fo

The attention of the Advocate General is invited to the correspondence ending with his Opinion No. 255 dated 19-11-1928. As advised by him, notices (copy enclosed) under sections 68 and 69 of the Transfer of Property Act were served on Muthyalla Ramanna. But Muthyalla Ramanna did not pay the money due to Government as directed in the 2nd of these notices. The Govt. then took proceedings to exercise the right of private sale conferred on them by the mortgage deed and realised a sum of Rs.3,765/- by sale of the available machinery The Government were also able to realise from the Insurance Co. in which the Match Factory was insured and from the auctioneers

who conducted the sale of the machinery the following amounts on several dates and they were adjusted first towards the penal interest due, then the simple interest and last the principal as shown in the statement appended to this letter:

Date of receipt.	Amount received. Rs. A. P
27-1-1932	19,590-12-10
22-3-1932	137- 2- 0
24-2-1933	3,747-11- 3
7-3-1933	219- 0- 0

After all these amounts were adjusted there was a balance of Rs.1,162-9-3 due from Ramanna and the Government took a sympathetic view of his case and waived the recovery of this amount from him.

2. Now, Muthyalla Ramanna has given a notice of suit stating that, on ~~the~~ a true and proper construction of the bond, no penal ~~fee~~ interest can be charged as there is no provision for such a step either in mortgage bond or in the rules framed under the State Aid to Industries Act and that a suit will be

filed against Government if the excess amount recovered from him is not paid by 1-4-1934. The Governmer Solicitor who originally approved as correct the basis on which the calculation of interest and penal interest was made, now states that on a true and proper construction of Rule (X) 22 of the Rules framed ~~there~~ under the State Aid to Industries Act, penal interest can be charged only on instalments of interest on principal and interest which ~~are~~ are in arrears and not on the total amount of the loan which has become due by reason of the failure of the borrower to observe one of the conditions contained in the mortgage bond.

3. It will be observed from the statement of accounts appended that penal interest was charged on the first instalment due on 1st October 1928 and only

Item 2 on p 2. cf

A on p 11 cf

(X) quoted in para 2 on page 233 ante. (T)

pp. 271 and 272 and p. 332 of 1930 1221 5 10 32 (T)

simple interest on the balance of principal from that date till the 4th of May 1929 on which date the period of notice demanding payment expired and the whole amount became payable. As the entire amount became payable and fell in arrears, penal interest from 4th May 1929 was levied on the balance of the principal and simple interest thereon up to that date.

4. The Advocate General is requested to be so good as to offer his opinion on the question whether under Rule 22 of the rules framed under the State Aid to Industries Act, penal interest can be charged on the amount which becomes payable by reason of failure of the borrower to ~~observe any of the conditions of the mortgage bond~~ pay up the entire amount as required by notice served on him. As the notice of suit in question demands payment of the excess amount before 1-4-34, this reference may kindly be treated as very urgent.

5. Copies of the papers noted

20

below are enclosed for his reference;

1. Mortgage bond executed by Muthyalla Ramanna.
2. Suit Notice dated 27-1-34.
3. Letter No.595-A/33 dated 12-3-34 from the D.I. to Govt. and its enclosures.

A copy of the State Aid to Industries Act and rules is also sent ~~herewith~~ for reference and return.

Pp 432-439 in G.O. 1221 5.10.32 (T)

Pp 5-7 of

Pp 8-15 of

ken 17.3.34 bm 17.3

RR 18.3.34

(T) To the Government Solicitor. with enclosures

Despd with all enclosures by messenger 19.3.34

(T)

(T)

Appendix.

(Here enter statement No.II on pp. 277 and 278 of G.O.1221 Dev. dated 5-10-32 and the portion enclosed in blue pencil in the statement at page 332 of the same G.O.)

ken 17.3.34

21

Spl
P. Resp
to day
for
3.4.34

To 23.4.34

Rev. Dept

O.M. NO 974-II/34-2 D. 3.4.34

Subject State Aid to Industries Act. Loan to Muthyala Ramanna ... Notice of suit ... Opinion called for -

The attention of the Advocate General is invited to Govt. Memo No. 974-II/34-1 D. 28.3.34 on the above subject and he is requested to send ~~state when~~ his reply as early as possible ~~thereto may be expected~~

Ker
28.3.34

RR
28/3/34

To the Govt Solicitor

Dpd. by Van / Post / Messenger

Dpr.'s ini ials.

Date 193 .

O.M. NO 974-II/34-3 D.

Subject State Aid to Indl. ... Act - Loan to Mu... Ramanna - Notice of Suit - Refer. Letter from the Coll. of ... to the Dir. of Industries No. Lois. C. 717/34-D. 10-2-34

The Collector of ...

Pp 16-20 ef

A on p. 2 ef

to informed that the
Opinion of the Advocate
General is being obtained
on the notice
of Suit given by Mr.
Sri N. Narasinga Rao,
Vakil to Muthyala Ramanna.
He is requested to inform the advocate
~~the Suit notice given~~ who gave the notice of this
that his notice is under
the consideration of
Govt and that orders
~~will issue shortly~~.

2R
8-3-34 bm 28/3 ... 28/3/34 Hlo 29/3

To the Collr Bellary

Dpr.'s Initials
Date 4/4/1934

23

Dev. 1359-II
11-4-34

No. 22

OPINION

pp 16-20 ef.

Ref:- Memorandum No.974 - II/34-1
dated 19th March 1934,
Development Department.

Construction of clause of Agreement

State Aid to Industries Act - Loan to Muthyala Ramanna - levy of penal interest.

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pays 432-439 (T)

On a consideration of the terms of the mortgage document and in view of the accepted canon for the construction of penal clauses, I am of opinion that rule 22 can have application only to an instalment of principal or an instalment of principal and interest which is not paid on the date fixed for payment and that where the obligee falls back upon the right to recover the entire amount it is only the contract rate of 6½ per cent that is claimable.

× Quoted in para 2 page 233 ante (T)

Madras
9th April 1934

A. Krishnasawmi
Advocate General

(True copy)

Government Solicitor.

24

DEVELOPMENT DEPARTMENT.

From

Arthur Thomas Esq.,
Government Solicitor,
Madras.

To

The Secretary to Government,
Development Department,
Madras.

Received on 9-4-34

No. 1167.

Forwarded with reference to Memorandum No.974-II/34-1 dated 19-3-34 with the enclosures received therewith.

A Mir Hamid

Government Solicitor.

S.D.

25

Rev Dept

D. M. No. 974-II 34-5 Dt 8.5.34

Letter from the ~~A.G~~ No. 595-A/33. Dt. 12.3.1934 - State Aid - Muthyala Ramanna - Refund of money collected in excess of ~~[illegible]~~ Rs ~~[illegible]~~ Accepting the ~~Advocate~~ Generals opinion No. 22. Dt. 9.4.3 on the above subject ~~Communicated~~ is ~~Sent~~ to the A.G

He is requested to work ~~and report~~ out the amount to be refunded to Muthyala Ramanna ~~on consultation with the Govt Solicitor~~

2) The ~~Govt~~ Collector of Bellary is ~~also~~ requested to inform ~~the Suit notice given~~ that the Govt have decided to refund the excess ~~amount~~ witheld collected from Muthyala Ramanna ~~in respect of~~ on the loan retained by him from

in consultation with the Govt. Solicitor, if necessary, and report

The amount written off in G.O. No. 1221. Dt 5.10.1933 should be taken into account in fixing the amount of refund, which will only be made if the penal interest is in excess of this amount.

P. 23 C.F

D/ Rev 11/6

4/95

P 95 1/2

F. C. Taken received on 11.6.34

F. C 10 P

Govt. and that the ~~amount~~ amount ~~that will be~~ of refunded will be intimated to him ~~soon~~ later

12.4.34 12.4

RC 12.4.34

To the ~~A.G.~~ [illegible] Advocate General No. D 4.34 and 3.34 and to Advocate General Chennai No. 22 D 4.34

Copy to the [illegible] Dept

Copy to the [illegible]

[illegible]

Dear

D.2252 II

29.6.34.

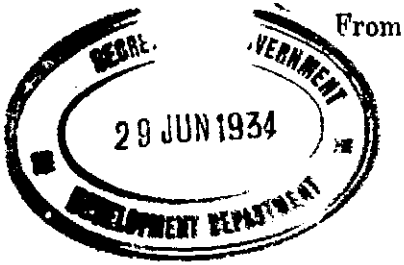
27

C.F 32-(a)

DEPARTMENT.

In reply, please quote number, date and short title. *

Received ..... *Registered* .....



From (Name) F.W. Stewart Esqr. C.I.E., I.C.S.,

(Designation) Collector of

Post Box ....., (Station) Bellary.

Telegraphic Address .....

To The Secretary to Government,
(Development Department)
Madras.

Telegh Rem 681
29/6

Ref. C. No. 2130/34, dated 27th June 1934.

Sir,

* State aid industries - Muthyala Ramanna - Refund of money collected in excess.

Ref:- Government Memorandum No.974 II/34-5 dated 8-5-34.

With reference to para 2 of the Government Memorandum, I request that the amount of refund to be made to Muthyala Ramanna may be intimated, as the party is pressing for early payment of the amount.

K.K.R. 28-6-34.

For Collector.

28/6

ENCLOSURES .....

.....

.....

SPARE COPIES .....

GOVERNMENT
22 JUN 1934
SECRETARIAT

NW D Department. 595 R B3 C.F. 98. 1853 Fr. 4 14-6-34

REMINDER. Industries Branch. **REPLY.**

To The Secretary of Industries

DIRECTOR OF INDUSTRIES
13 JUN 1934
MADRAS

To The Assistant Secretary to Government, ~~Development Department.~~

The undersigned ~~has the honour to invite~~ is directed to invite ~~invites~~ attention to the communication noted in the margin and request that this reminder may be returned at once with information as to

(1) the stage at which the matter now is,

(2) the date by which a reply may be expected, and

(3) ~~the circumstances which have~~ caused the delay.

2. It is requested that the reply to this reminder may be sent not later than 20.6.34.

Memo No. 9741/ dated 8-5-34

Office D/o Secy

Station Fort St. George

Dated 11.6.34

V. V. Ramadevan
Signature.
For Asst Secy to Govt
Designation.

SUBJECT
State Aid - Muthayala Ramanna - Refund of money collected

The question as to the basis for the levy of interest with reference to the Advocate General's opinion has again been referred to the Government Solicitor and on receipt of his advice the amount due to Mr. Ramanna will be worked out and reported to Government.

for Director of Industries

T.M

To The D[illegible]

Ref - Govt Memo 9744 II/34-3
dt 8.5.34
State Aid Mutthaiah
Ramanna - Refund
of money collected in excess

Please expedite
your reply as the party is repeatedly
pressing for early payment

29/6/34

29.6.

to H.S.

Seen and kindly submit to H.S. for
personal

To Govt. No. RD 974-II/34-6 dt 30.6.34

Ref: Letter from the Collector of Bellary
Ref. c No 2130/34 dt 27.6.34

To AS

Subject - State aid to Ind. Rel.
Muthyala Ramanna -
excess collection - Refund.

29.6

The Collector is informed that the exact amounts to be refunded is being worked out by the Dist. Ind. and that orders as to the refund to the party will be issued as soon as Dist's report is received

30.6.34

Submitted for personal
The Collector should be informed on the criterion referred to in the note in the left hand margin.

30.6

To the Collector of Bellary.

Copy of letter No.595-A/33 dated 15th June 1934 from the Director of Industries, Madras to the Government Solicitor, Madras.

--

Late Match Factory of Muthyala Rajanna, Bellary.

--

I note that you are of opinion that the basis of calculation adopted in my statement furnished to you with my letter No.595-A/33 dated 22nd May 1934 is in conformity with your opinion already expressed and that of the Advocate General dated the 9th April 1934. The basis of calculation adopted therein includes, as you are aware, the levy of penal interest, though not on the whole loan, on such of the instalments of principal and interest as fell due both before and after the date on which the entire amount was called in by a notice dated 31st January 1929 until the entire loan amount was recovered. It since appears to me that the Advocate General's opinion is perhaps to the effect that once Government exercised their right to recover the entire amount by issuing their notice dated 31st January 1929, their right to levy penal interest on the individual instalments ceased and that they will be entitled to simple interest at 6½ percent only thereafter. If this view is correct, the whole basis of the calculation made in the statement furnished to you seems to require revision. I shall therefore feel obliged if you will kindly furnish me with your considered opinion on the following points:-

(1) Whether the above interpretation is correct and if so, whether it will have any retrospective effect in the sense that no penal interest should be levied on even instalments that had become overdue prior to the issue of the notice. In the present case, only one instalment was overdue on the date on which the borrower acknowledged the receipt of the notice viz. 5th February 1929.

(2) If penal interest is leviable on the single overdue

instalment referred to above, the date up to which it may be levied i.e. whether it is leviable up to the date of the issue of the notice or its acknowledgment by the borrower or up to the date of the entire recovery of that overdue instalment.

(3) In the present case, there was due on the date on which the first instalment fell due a sum of Rs.7-2-0 being the simple interest on the whole loan of Rs.20,000/- for the period in excess of twelve months intervening between the date of the disbursement of the loan, viz., 29th September 1927 and the date of repayment of first instalment viz. 1st October 1928. Please let me know whether penal interest is chargeable on this sum of Rs.7-2-0 until its recovery.

Copy of letter No.1925 dated 19th June 1934 from the Government Solicitor, Madras.

M 32-33 Govt

I have the honour to acknowledge receipt on the 18th June 1934 of your letter No.595-A/33 dated the 15th June 1934.

2. I have once again perused the opinion of the Advocate General dated the 9th April 1934 and Rule 22 of the Rules made under the State-aid to Industries Act and regret to say that I do not agree with the construction put by you upon the Advocate-General's opinion above referred to. It appears to me that once Government has acquired the right to levy penal interest under the above said rule such interest can be levied until recovery by Government of the overdue instalment of principal and/or interest.

3. Since, however, the Advocate-General has already given his opinion on the construction of Rule 22 it would be advisable for you to refer the matter to him again for his opinion on this particular point.

Jan 21 33 T

Statement of account of Mr.Ramanna.

1. Loan of Rs.20,000/- sanctioned in G.O.No.1320 Press Development dated 25th August 1927 - disbursed on 29th September 1927. Loan to ~~the~~ carry interest at 6½% per annum and repayable in 20 annual instalments (the first 19 instalments being of Rs.1815/- each and the 20th instalment Rs.1817-8-0). The first instalment repayable on 1st October 1928 and the subsequent instalments on the 1st October of every following year until the loan with interest has been repaid. For the period in excess of twelve months intervening between the 29th September 1927 and the 1st October 1928, simple interest on the whole amount must be paid with the first annual instalment.

(2) Ist instalment of Rs.1815 due on 1st October 1928 (Principal Rs.515 plus Interest - 1300-0-0)

Simple interest on the whole loan of Rs.20,000/- for two days i.e. 29th and 30th September 1927 = Rs.7-2-0 due on 1-10-1928.

		Principal.	Simple interest.	Penal interest.
Amount due on 1-10-1928 and not paid ...	Rs.	515 0 0	1,307 2 0	
(3) Penal interest at 10% on item (2) above viz Rs.1822-2-0 from 1-10-1928 to 17-9-30, the date of receipt of first payment (1 yr. 11 months and 16 days)				357 7 0
(4) IInd instalment of Rs.1815 due on 1-10-1929 and not paid consisting of		548 8 0	1,266 8 0	
(5) Penal interest at 10% on item (4) above viz Rs.1815 from 1-10-29 to 17-9-30 the date of receipt of first payment (351 days)				174 8 7
(6) Total due on 17th September 1930 excluding 18 remaining instalments		1063 8 0	2,573 10 0	531 15 7
(7) Amount received on 17-9-1930 Rs.1500/- apportioned as			968 0 5	531 15 7
(8) Balance due on 17-9-1930 excluding 18 remaining instalments		1063 8 0	1,605 9 7	
(9) Penal interest at 10% on item (8) viz. 2669-1-7 from 17-9-1930 to 30-9-30 the date of receipt of second payment (13 days)				9 8 1
(10) Due on 30-9-30 excluding 18 remaining instalments		1063 8 0	1,605 9 7	9-8-1.
(11) Received on 30-9-1930 Rs.2265 apportioned as		649 14 4	1,605 9 7	9 8 1.
(12) Balance on 30-9-30 excluding 18 remaining instalments		413 9 8		

	Principal.	Simple interest.	Penal interest.
(13) Penal interest on item (12) viz., Rs.413-9-8 at 10% from 30-9-30 to 27-1-32, the date of receipt of next payment (1 yr. and 119 days)			54 13 6
(14) III instalment of Rs.1815 due on 1-10-30 consisting of	584- 2 0	1,230 14 0	
(15) Penal interest on item (14) viz. Rs.1815 at 10% from 1-10-30 to 27-1-32, the date of receipt of next payment (1 year and 118 days)			240-2--10
(16) IV instalment of Rs.1815 due on 1-10-31 consisting of	622 2 0	1,192 14 0	
(17) Penal interest on item (16) viz Rs.1815 at 10% from 1-10-31 to 27-1-32, the date of receipt of next payment (118 days)			58 10 10
(18) Due on 27-1-32 excluding 16 remaining instalments	1619 13 8	2,423 12 0	353 11 2
(19) Add to item (18) the balance of principal due on 1-10-31 Rs.20,000/- minus (515-0-0 + 548-8-0 + 584-2-0 + 622-2-0)	17730 4 0		
(20) Interest on item (19) viz Rs.17730-4-0 at 6½% from 1-10-31 to 27-1-32 the date of receipt of payment (118 days)		372 9 3	
(21) Total amount due on 27-1-32	19350 1 8	2,796 5 3	353 11 2
(22) Received on 27-1-32 Rs.19,590-12-10 apportioned as	16440 12 6	2,796 5 3	353 11 2
(23) Balance due on 27-1-32	2909 5 3	-	-
(24) Interest at 6½% on item (23) viz. Rs.2909-5-3 from 27-1-32 to 22-3-32 the date of receipt of next payment (55 days)		28 6 8	
(25) Received on 22-3-32, Rs.137-2-0 apportioned as	108 11 4	28 6 8	
(26) Balance due on 22-3-32	2800 9 11	-	
(27) Simple interest on item (26) viz. Rs.2800-9-11 at 6½% from 22-3-32 to 1-10-32 the date of the next instalment (193 days)		96 4 1	
(28) Instalment of Rs.1815 due on 1-10-32 consisting of	1718 11 11	96 4 1	
(29) Balance of principal on 1-10-32	1081 14 0		

	Principal.	Simple Interest.	Penal interest.
(30) Penal interest at 10% on item (28) viz Rs.1815 from 1-10-32 to 24-2-33 the date of receipt of next payment (146 days)			72 9 7
(31) Simple interest at 6½% on item (29) viz. 1081-14-0 from 1-10-32 to 24-2-33 (146 days)		28 2 1	
(32) Due on 24-2-33	2800 9 11	124 6 2	72 9 7
(33) Received on 24-2-33 Rs.3747-11-3 apportioned as	3550 11 6	124 6 2	72 9 7
(a) Excess received on 24-2-1933	750 1 7		
(b) do. 7-3-33.	219 0 0		
Total ..	969 1 7		

37

DCW

O.M. No 974 11/34-69 13.7.34

Refs.: Letter from Govt Solicitor No 1167 Ds 9.4.34 - Advocate Genl's opinion No. 22.

Subject. Bellary March Factory -

Recovery of Govt dues -

Levy of Penal interest -

P/ letter here today
TM
13/7.

For U.S. 30-7.

A copy of the letter from the Dir. of Ind. together with its enclosures is forwarded to the Advocate General and he is requested to be good enough to favour Govt with his advice on the points raised by the DI. As the party is pressing for an early reply, it is requested that this ref. may kindly be treated as specially urgent.

RK
11-7.34.

To the Ad. Genl. Mdu.

The Govt Solicitor

Recd with encls
14/7

Dev. 2622-II

23-7-34

C.F. 32.

URGENT.

DEPARTMENT.

In reply, please quote number, date and short title.*

Received Registered

From (Name) Arthur Thomas Esq.,

(Designation) Government Solicitor,

Post Box ....., (Station) Madras.

Telegraphic Address .....

SECRETARIAT GOVERNMENT 21 JUL 1934 DEVELOPMENT DEPARTMENT

To

The Secretary to Government,
Development Department,
Fort St. George, Madras.

No. 2152, *dated* 20th July *19* 34.

Sir,

* Bellary Match Factory - recovery of Government dues - levy of penal interest.

ENCLOSURES.....

.....

.....

SPARE COPIES.....

With reference to Government Memorandum No. 974 II/34-6 dated 13th July 1934, I should be obliged by your sending me a copy of the Rules (latest) framed under the State Aid to Industries Act and also a copy of the mortgage instrument as they are required by the Advocate General for reference.

I have the honour to be,
Sir,
Your obedient servant,

Government Solicitor.

SK/KHR
SK

P/ 24/7 urgent here - work only

To the Govt. Solicit with a copy of Act and a copy of the mortgage instrument.

M1432-4394 (T)

End 974 II/34-7 24.7.34.

Furnished.
2. Memo may kindly be returned when done with

o/c.
24.7

Des. 3186-II
13-9-34

No.67

40

OPINION.

Ref:- Memorandum No.974 II/34-6 dated 13-7-34, Development Department.

Bellary Match factory - recovery of Government dues - levy of penal interest.

In my opinion No.22 dated 9th April 1934 I have quite clearly stated that where the obligee falls back upon the right to recover the entire amount, it is only the contract rate of 6½ per cent that is claimable. There is only one of two alternatives. Either the Government will have to treat the instalment contract as still alive in which case the Government will be in a position to claim the particular instalment with enhanced interest or the Government will have to exercise the option to call in the entire amount. The two cannot exist together. In this case the Government have in unequivocal terms exercised the option to demand the entire amount on default by the obligor and have exercised the power of sale on that basis. It is no longer open to them to contend that the instalment contract is subsisting and that they are entitled to claim penal interest on the footing that for the purpose of computation the instalment provision must be deemed to be alive and subsisting.

Inasmuch as the Government have claimed the full amount even before the second instalment fell due they cannot claim penal interest on the first instalment. It is as if the option has been exercised on the date the first instalment fell due. Consistently with the exercise of that option they cannot claim penal interest on the first instalment. The same reasoning applies to the simple interest on the whole loan for the two days between the 29th September and 1st October 1927.

Madras,
10th September 1934.

A. Krishnaswami,
Advocate General.

(True copy)

Government Solicitor.

41

From Arthur Thomas Esq.,

Government Solicitor,

Madras.

To The Secretary to Government,

Development Department,

Madras.

Received on 10-9-1934.

Despatched on 10-9-1934.

No. 2731

Forwarded with reference to Memorandum No.974 II/34-6 dated 13-7-1934 with the enclosures received therewith and copy of indenture and copy of Madras Act V of 1923.

Arthur Thomas

Government Solicitor.

C.F. 32-(a)

In reply, please quote number, date and short title.

1934 Received

Dev. 3294-II
21-9-34

DEPARTMENT.

Registered

42

From (Name) The Hon'ble Mr. F.W. Stewart C.I.E., I.C.S.,

(Designation) Collector of

Post Box....., (Station) Bellary.

Telegraphic Address.....

To The Secretary to Government
(Development Department)
Madras.

Ref. C. *No.* 2130/34-A *dated* 19th Sept. 1934.

Sir

* State aid industries - Muthyala Ramanna - Refund of money collected in excess.

Enclosures 1 Copy

Spare Copies.....

Ref:- Government Memorandum No.974-II-34-6 dated 30-6-34.

The Pleader for Muthyala Ramanna has sent a telegram that a suit would be filed if the amount is not refunded in three days, and that the Government would be liable for costs. I request that immediate orders may be issued for the refund of the amount to the party.

K.A.R. 20-9-34.

For Collector.

43

Dev. Secy

Secretariat
DRP
21/9
Spl. messenger
Despatched forward

Dev. No. 9734/34-8 dated 21.9.34

Subject. State aid - Mallikyala Ramanna - Refund of money Collected in excess

Secretariat No. 5954/33 dated 2.7.34

A Copy of the Advocate General's opinion No 69 dated 10.9.34 in the above subject is Communicated to the D.S. He is now requested to work out the exact amount to be refunded to the party. Reply is required immediately

Secretariat 9.9.34
Secretariat 21.9.34
RS 21.9.34

The D.S.

Copy to the Collector of Bellary with the request that the parties may be informed that any early orders are likely to issue and that if notwithstanding this he receives to Court and incurs expenses he will do so at his own risk.

RS 21.9.

Note

The amount as worked out from the D's statt. in P/P 34-36 C/F differs from the figures given on P/S 7 by Ramanna Rs

P.P.
21.9

DEPARTMENT

C.F. 39.

Received ..... 19 . *Registered* ..... 19 .

Subject.

State Aid - Muthyala Ramanna - refund of money collected
Statement of account.

ENCLOSURES.
No. one Statement.
Spare copies.....

No.595-A/33

Station Madras, *Dated the* 24th September 19 34

From (Name) V.Ramakrishna Esq., M.A., B.Sc.(Edin.)., I.C.S., M.L.A.,
(Designation) Director of Industries.

To The Secretary to the Government of Madras,
Development Department.

Sir,

Ref: Government Memorandum No.974-II/34-8 dated 21st September 1934.

As the Advocate General is of the opinion that only simple interest at 6½% per annum is leviable on the whole amount of the loan, I have had a statement of Mr. Ramanna's account prepared accordingly which I enclose herewith. It will be observed that the total excess sum collected amounts to Rs 1,679-13-5 made up of Rs 1460-13-5 received on 24th February 1933 and Rs 219/- received on 7th March 1933.

for Director of Industries.

SN.24.9.

Rev

Rev. Dept.

C. No. 976-11/34. State Aid – Bellary Match ~~Factory~~ - Muthyala Ramanna - Suit Notice.

PP 1 + 2 cf [Letter from the R.D. No 595-A/33 R.9.3.34

PP 8-10 cf RD. No. 595-A/33 R. 12.3.34]

To Asst. Secy.

Please see the letters from the R.D. and their Enclosures at pp. 1-15 cf

The Rev. has charged penal interest from 4.5.29 on the amount of the loan which became payable by reason of the failure of Muthyala Ramanna ~~to observe~~ to observe the conditions of the ~~loan~~ Mortgage Bond. The Govt. Solicitor is of opinion that penal interest can be charged only on instalments of interest or principal and interest which are in arrears. And he suggests that the opinion of the Advocate General may be obtained on the question.

A draft OM is ~~letter~~ is submitted for approval.

15.3.34 17.3

18.3.34

C.F. 304 4,542 Bks.—10-10-31.

OFFICE OF THE _____

Dated _____ 193 .

_____ Hours _____ inutes.

TELEPHONIC MESSAGE

From The D. I.

To The A. S., Da. Dept.

Ref my letter no. 595 A/33
dt 23. 3. 34. - Ballarat
Water Supply - Suit notice

Please see me before action
pending Govt. decision in the above
matter, any interim instruction has
been issued to the Collector, Ballarat
or the Govt. Pleader, Ballarat.

DI
28/3/34.

To Asst. Secy.

Please see the D.I.'s T.M. above. The Govt. have not issued any interim instruction either to the Collector or to the Govt. Pleader, Ballarat. The Advocate General to whom the Suit notice was referred for opinion has not yet sent his reply. ~~A draft reminder to the Advocate General is submitted for~~ But it is his duty to remind the Advocate General

pp. 16-20 ef'n.

~~Sir~~ Submitted that the Collector of Bellary may be requested to inform the Suit notice that the notice of suit is under the consideration of Govt ~~and that orders will issue shortly~~ A draft O.M to the Collector, also is put up

KR 28.3.34 bm 28.3 RL 28/3/34

Issued as O.M. No. 974-II 34-28 Dt. 3.4.34

Receipt: Opinion from the Advocate General, Madras No 22 Dt 9.4.34.

To Asst Secy.

Please see the Advocate General's opinion at p. 23 ante. A draft O.M to the A.G is submitted below for approval. It may be sent to him for acceptance

KR 12.4.34 bm 12/4 RL 12.4.84

Hi

Rev. No. 974-II 34-4

Received 14 APR 1934 Revenue Department

Hi 17/4

12/4/84

4.

49

Finance (Accts)

No item in the Budget

No objection to the draft amendment being accepted.

2. As it is intended to make a book adjustment in respect of a portion of the interest already debited and credited to Govt, it will be necessary to debit the head "XV Interest on Refunds" (x now considered as recovery) with the amount. There is a provision of Rs 2,000 under this head in the budget for 1934-35, but additional funds may have to be provided in the supplementary estimates. The debit will be adjusted in the current year by reappropriation from Savings in Grant (XXXVIII Refunds of Revenue).

page 506 CSR

Mr 506-507 CSR

20.4.34

20-4-34

Mo' Budget.

20.4.34

21.4.34

S

Dev no

urgent.

27 APR 1934

ASSISTANT SECRETARY TO GOVERNMENT

DEVELOPMENT DEPT.

Fin: no. 12749 Accts-I

26-4-34

D NO 1586-II/34

26.4.34

25/4

Dev.

5 50

To Asst Secy.

Please see fin. note at p. 4 supra. The sum of Rs 1162-9-3 written off ~~written~~ represented the portion of the penal interest which was not recovered from Muthyala Ramanna. Of only the ordinary interest is charged from the date on which the entire amount fell due, ~~there will be no~~ the Govt will have to refund the excess amount collected ~~as~~ by ~~wrongly~~ levying penal interest. As, in this case, there is no amount to be written off, the ~~Govt~~ orders in G.O. No. 1321 Rev. Dt. 5-10-33 will be inoperative and it does not appear necessary to point this out in the Memo. However to make the position clear, a sentence has been added at the end of para. 1 of the Draft Memo

Ver 2-5-34 bm 2.5.

I have made it quite definite RR 3/5/34

H.M. 3 or 7/5

ai 7/5

No 57

Memo issued as on 9.7.34. to the DT. dt 8.5.34
Ltr from CRO. 2252-II/34 from the Collector of Bellary dt 27.6.34
Memo CRO. 2350 II/34 from the Dir of Investn dt 2.7.34

To A.S.

A draft com. to the Advocate is submitted for approval

MM 10.7.34 | [illegible] 10.7.34 | RK 11.7.34

Pages 41-42 of the 31st Dec 1934 from the Advocate-General No 67 Dated 10.7.34

To Advocate

Please see the opinion of the Advocate General at Pages 40-41 of the Notes wherein the contract rate of July of 6½% is claimable. Copies of the Advocate General's opinion may now be communicated to the D.T. and he be asked to refer to the exact amount to be refunded to Muthyala Ramanna. The Collector of Bellary has requested that the amount to be refunded to Ramanna may be intimated to him at an early date.

A draft com. is submitted for approval.

Draft 10.7.34 | RR 21.7.34

Issued as Secy. 9.46 [illegible] & dated 21-9-34
C.No. 3338/31] from the D.J.
No. 595-A/33 dated 21-9-34

To Asst. Secretary.

The amount claimed on behalf of Ramana is

(a) Principal (Sum adjusted in Excess) Rs 1675-11-0
(b) Interest thereon at 6½% (till 27.1.34?) 96-6-6 ×
Total. 1772-2-5

1087-0-11
588-11-0
1675-11-11

(c) According to the D.J.'s statement, the amnt collected in excess ~~of principal due was~~ was 1679-13-5

1679-13-5
1675-11-0
4-1-6

The difference between (a) and (c) is 4-1-6. and out of this Rs. 3-9-2. can be accounted for by the method of calculation adopted by the D.J. from 29.9.1927 to 30.9.1930. Instead of calculating for full this year, the D. has calculated for several periods. The figure at (a) may be accepted.

(d) In regard to interest, ~~it is proposed that the claim may have to be allowed~~ on the overpayment amount

This is made up. to 29.1.34.

The D.J. has not calculated the ~~interest~~ amount

It comes to Rs. 100. against Rs. 96-6-6. claimed. ~~For~~ under these circs it will be allowed.

Interest on Rs. 1460-13-5 at 6½% from 24.2.33 to 27.1.34 (337 days) is Rs. 169-0-0
Interest on Rs. 219-0-0 from 7.3.33 to 27.1.1934. (326 days) is Rs. 24-12-2
Rs. 193-12-2
100-0-2

The vakil for Ramanna has claimed interest on the amount of principal collected in excess. I think this amount of principal is not to be paid. For orders

A draft order is submitted for approval. It may issue after perusal by Ramana

24.9.34

RR
24/9

Rs 96-6-6

RR
24/9

(C 53)

I do not see that it can be resisted, as penal interest can not be claimed legitimately

25/9

Finance

Dev. Dis. 974-II/34-9
25.9.34

40 AM

Finance (Accts)

Case previously seen in Finance - page 4 ante)

Sub. that the Dept. may agree that the amounts claimed on behalf of Mr. Ramanna (vide portion K on page 7 ante) may be found to be in. (For funds, please see para 2 on page 4 ante)

25.9.34

Finance (Accts) 2599/34

also para 7 page 7 C.P

25.9.34

S

25/9/34

Dev.

The draft may issue

25.9.

S

26/9

56/

THIS INDENTURE made the 23rd day of September 1927 B e t w e e n MUTHYALA SEENAPPA RAMANNA GARU son of Muthyala Seenappa residing at No.1354 first ward Civil Lines Bellary and carrying on business under the name and style of Muthyala Seenappa Ramanna at Civil lines street Bellary hereinafter called the mortgagor (which term where the context so admits shall include his heirs executors administrators, legal representatives and assigns) of the one part and the RIGHT HONOURABLE THE SECRETARY OF STATE FOR INDIA IN COUNCIL, hereinafter called the mortgagee (which term where the context so admits shall include his successors and assigns) of the other part.

WHEREAS the mortgagor has applied under the provisions of the Madras State Aid to Industries Act 1922 to the Government of Madras for a loan of Rs.20,000-0-0 to enable him to provide the working capital for the Safety Match Factory conducted by him at Bellary and known as Muthyala Seenappa Ramanna Match Factory, Bellary.

AND WHEREAS the mortgagee in pursuance of the provisions of such Act has agreed to lend the mortgagor the sum of Rs.20,000 payable on the execution of these presents on having the repayment thereof with interest thereon at the rate hereinafter mentioned secured in manner ~~hereinafter mentioned secured in manner~~ hereinafter appearing.

NOW THIS INDENTURE WITNESSETH as follows:-

1. In consideration of the sum of Rs.20,000 now advanced and paid to the mortgagor (the receipt whereof the mortgagor doth hereby acknowledge) the mortgagor covenants with the mortgagee that the mortgagor will duly and punctually repay to the mortgagee at the Government Treasury at Bellary the said sum of Rs.20,000 with interest for the same at the rate of Rs.6½ per cent per annum by twenty yearly payments compounded of principal and interest during the period of 20 years the first of such payments to be

on the 1st October 1928 and the subsequent payments to be made on the 1st October in each subsequent year until and inclusive of the year 1947 the first nineteen instalments of which to be Rs.1815 each and the twentieth Rs.1817-8-0 simple interest at the rate of 6½ per cent per annum on the said sum of Rs.20,000 being payable for the period between the date hereof and the 1st day of October 1927 on the date when the said first instalment is payable,

PROVIDED that the mortgagor shall be at liberty to repay at any time a larger sum than the said annual instalments in which case such excess repayment shall be credited in reduction of the principal the number of future instalments being if necessary reduced but the mortgagor shall not be entitled to any reduction in the amount of such instalments.

2. For the consideration aforesaid the mortgagor doth hereby firstly grant convey and assign unto the mortgagee ALL those pieces of parcels of land situate in the Village of Bellary in the Sub-district of Bellary in the District of Bellary more particularly described in the first schedule hereto together with all buildings godowns trees commons hedges ditches fences ways waters water courses liberties privileges casements advantages and appertenances whatsoever to the said pieces or parcels of land and secondly the machinery plant and other property described in the second schedule hereto and other the machinery plant and other property that may be placed thereon in addition to or substitution therefor and all the beneficial interest and goodwill of the mortgagor in his business and the exclusive right to use or confer on others the right to the said style or trade name of Muthyala Seenappa Hamanna Match Factory AND also the full benefit of all contracts and engagements entered into by or with the mortgagor in respect of the said business and all capital profits and other moneys belonging to or to be received by the mortgagor in respect of the said business TO HAVE AND TO HOLD the said pieces or parcels of land hereby granted conveyed and assigned

unto the mortgagee for ever and To hold the said machinery plant goodwill moneys and other property unto the mortgagee absolutely subject to the proviso for redemption hereinafter contained.

3. The mortgagor doth hereby covenant with the mortgagee that the mortgagor will apply the full amount of the money so advanced as aforesaid solely for the purposes set forth in the first recital hereto the satisfaction of the Director of Industries who shall be the sole Judge thereof and further that the mortgagor will as long as any money shall remain on the security of these presents keep the premises and buildings plant and machinery now existing or hereafter to be erected or placed on the said premises hereinafter expressed to be hereby granted and assigned in good and substantial repair and insured against loss or damage by fire in the sum of Rs.25,000 and will duly and punctually pay the premia payable in respect thereof as they become due and payable it being hereby expressly agreed that in the event of failure to do so the mortgagee may pay the same expenses so incurred being added to the princip sum due hereunder and recoverable accordingly AND will at all times during the subsistence of this security appoint and retain at his own expense a properly qualified man (to the satisfaction of the Director of Industries) to be in charge of the said Match Factory.

4. PROVIDED ALWAYS and it is hereby expressly agreed and declared as follows:

(1) That these presents and the consideration granted hereunder are subject to the provisions of the Madras State Aid to Industries Act 1922 and the rules framed or to be framed thereunder.

(2) If the mortgagor shall pay in the manner aforesaid he said sum then the mortgagee shall at any time thereafter pon the request and at the cost of the mortgagor reconvey nd reassign the said premises and machinery plant goodwill oneys and other property hereinbefore to be hereby granted onveyed and assigned and transferred respectively unto the ortgagor or as he may direct

(3) The mortgagee shall permit the mortgagor to retain ossession of the said premises and the said machinery plant nd other property so long as he shall duly make the said nual payments but if he shall make default in the payment any one of the said instalments or shall not in the opinion the Director of Industries have applied the money thereby dvanced for the purposes for which it was advanced or shall not appoint and retain a properly qualified man (to the satisfaction of the Director of Industries) to be in charge of the said match factory the mortgagee may at any time thereafter sell the said premises and machinery plant goodwill and other property hereinbefore expressed to be hereby granted and assigned and transferred of any part or parts thereof either together or separately and as to the said pieces or parcels of land either in one or more lot or lots and either by public auction or by private contract with power upon such sale to make any stipulations as to title or evidence of title or otherwise which the mortgagee shall deem proper and also with power to buy in or rescind or vary any contract for sale and to resell without being responsible for any loss occasioned thereby and for the purposes aforesaid or any of them to execute and do all such assurances and things as he may think fit PROVIDED ALWAYS and it is hereby expressly agreed and declared that the mortgagee shall not execute he power of sale until he shall have previously given a otice in writing to the mortgagor requiring him to pay off he moneys for the time being owing on the security of these

presents or left a notice in writing to that effect upon some part of the said premises hereinbefore expressed to be hereby granted conveyed and assigned and default shall have been made in payment of such moneys or some part thereof for three calendar months from the time of giving or leaving such notice PROVIDED ALSO and it is hereby agreed and declared that upon any sale purporting to be made in pursuance if the aforesaid power in that behalf the purchaser and purchasers shall not

be bound to see or inquire whether the case mentioned in the proviso lastly hereinbefore contained has happened or whether any money remain on the security of these presents or as to the necessity or expediency of the stipulations subject to which such sale shall have been made or otherwise as to the propriety or regularity of such sale and notwithstanding any impropriety or irregularity whatsoever in any such sale the same shall as far as regards the safety and protection of the purchaser be deemed to be within the aforesaid power in that behalf and be valid and effectual accordingly and the remedy if any of the mortgagor shall be in damage only AND IT IS HEREBY FURTHER AGREED AND DECLARED that the mortgagee shall out of the moneys which shall arise from any such sale as aforesaid in the first place reimburse himself or pay or discharge all the costs and expenses incurred in or about such sale or otherwise in respect of the premises and in the next place apply such moneys for the time being owing on the security of these presents and then pay the surplus (if any) of the said moneys which shall arise from such sale unto the mortgagor AND the mortgagor now hath good right to grant convey and assign and transfer all the said premises hereinafter expressed to be hereby granted conveyed and assigned and transferred in manner aforesaid and that if default shall be made in payment of the said

sum of Rs.20,000 of the interest thereof or any part thereof on any of the days herein mentioned the mortgagee may at any time thereinafter enter into and upon the said piece or pieces of land and premises and shall thereforth quietly possess and enjoy the same and receive the rents and profits thereof without any lawful eviction interruption claim or demand from or by any person or persons whomsoever AND it shall be lawful for the mortgagee to carry on the said business hitherto carried on the said premises by the mortgagor until the same can be sold or leased at a reasonable price as a going concern and for that purpose to collect outstandings and to carry out all pending contracts and if any loss shall be added to the principal moneys for the time being owing on the security and bear interest at 6½% per annum and until repayment the same with such interest as aforesaid shall be charged upon the mortgaged premises And that the mortgagor and all persons having or lawfully or equitably claiming any estate or interest in the said pieces or parcels of land plant machinery goodwill moneys and other property or any part thereof shall and will from time to time and at all times hereafter upon the request of the mortgagee and at the cost during the continuance of this security of the mortgagor and afterwards of the person or persons requiring the same do and execute or cause to be done and executed all such acts deeds and things for further and more perfectly assuring the said premises and plant machinery and other property unto the mortgagee in manner aforesaid as shall or may be reasonably required And lastly in order to enable the mortgagee to collect receive and give a good discharge and (if he deems it expedient) to sue for and recover the outstandings book debts or any of them in the name of the mortgagor or to carry out or enforce contracts and engagements of the said business ~~xxxxxxxxxx~~ the mortgagor hereby irrevocably appoints the mortgagee his successors and assigns its

attorney and attorneys to do and execute in the name of the mortgagor might do in his own name under these presents.

IN WITNESS whereof the mortgagor hath hereunto set his hand and seal the day and year first above written.

I. THE FIRST SCHEDULE ABOVE REFERRED TO

1. Nature of the land .. ....GOVERNMENT DRY land

2. Survey No.S.No. 506 B/1 and S.No.513

3. Extent ... Acre., Cent ...

506 B/1	3-10	5	54
513	2-44		

4. Assessment .. . Rs.40-14-0

5. Buildings standing thereon:-

   1. One bungalow Door No.1354 Ward No.I North. South 94 ft. East to west 40 feet.

   2. Factory building Door No.1355 Ward No.I North to South 40 ft. east to west 104 ft.

6. In whose names registered:-

   Muthyala Ramanna.

7. Boundaries.

   East:- Seedaragadda Road.

   West:- Penukonda Rama Rao's son Narasinga Rao's bungalow.

   North: Alle Dodda Basappa's field and Poojari Narasingappa's field.

   South:-Contonment Road.

THE SECOND SCHEDULE ABOVE REFERRED TO

1. Peeling machine	1
2. Chopping machine	1
33. Dipping machine	1
4. Outer box making machine	1
5. Inner box making machine	1
6. Box closing and labelling machine.	1
7. Box painting machine	1
8. Cooking machine	1
9. Ball Mill	1

10.	Steam Engine	1
11.	Shafting	75 ft.
12.	Pullies	10 ft.
13.	Belt	200 ft.
14.	Girders	20
15.	Spanners	10

SIGNED sealed and delivered by the abovenamed Muthyala Seenappa Ramanna Garu in the presence of

Sd.M. Ramanna.

Witnesses.

1. R. Krishna Moorthy Rao,
   Goldsmith Street,
   Brucepet.

2. Gungi Ramacharya
   Lakshminarayana Temple Street,
   Brucepettah,
   Bellary.

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Copy of letter No.595-A/33 dated 12th March 1934 from the Director of Industries, to the Secretary to the Government of Madras, Development Department.

Ref. My letter No.595-A/33 dated 9th March '34.

I have since received a reply from the Government Solicitor on the above subject and enclose a copy of his letter No.832 dated 8th March 1934. I also enclose a copy of his letter No.208 dated 19th January 1934 referred to in para.2 of his letter under reference. It will be observed that the Government Solicitor is now of the opinion that on a true and proper construction of Rule 22 of the Rules framed under the State Aid to Industries Act, penal interest can be charged only on instalments of interest or of principal and interest which are in arrears and not on the total amount of the loan which has become due by reason of the failure of the borrower to observe one of the conditions contained in the mortgage deed as is the case relating to the loan to L. Nanjundaswami. He suggests that, as the matter has now assumed an important shape, the question of the right to collect penal interest under the said Rules may be referred to the Advocate-General for his opinion and action taken as advised by him.

2. As Government are aware, the whole amount in this instance was demanded by a notice since Mr.Ramanna failed to pay the first instalment of the loan due on 1st October 1928 and also to comply with the terms of a previous notice demanding another sufficient security owing to the mortgaged property having been partially destroyed by fire and the security having consequently been rendered insufficient. From the statement of Mr. Ramanna's account submitted to Government with my letters No.57-A/32 dated 24th May 1932 and No.595-A/33

dated 5th September 1933, it will be observed that penal interest was charged on the first instalment from 1st October 1928 and only simple interest on the balance of principal from that date till the 4th ~~May~~ May 1929, on which date the period of notice demanding payment expired and the whole amount became payable. As the amount thus became payable and fell in arrears, penal interest from 4th May 1929 was levied with the approval of the Government Solicitor on the balance of this principal and simple interest thereon up to that date, the amounts as and when received on Mr. Ramanna's account having been adjusted first towards the penal interest due, then the simple interest and last the principal. The Government Solicitor is now of the opinion that the penal interest is leviable only on instalments of interest or of principal and interest which are in arrears, and I take it that, ~~xx~~ whatever the reasons for calling in the entire amount may be, e.g., default of payment of an instalment or failure to comply with the conditions of the mortgage deed, etc., penal interest is leviable not on the amount outstanding but only on all instalments that are in arrears prior to the full discharge of the entire loan. If this is so, the date on which the last payment on behalf of Mr. Ramanna was made was the 7th March 1933 and five instalments were therefore in arrears till then viz., 1st October 1928, 1st October 1929, 1st October 1930, 1st October 1931 and 1st October 1932. I have had prepared accordingly a statement showing the amounts due including penal and simple interest and the amounts adjusted against them, from which it will be seen that an excess amount of Rs.750-2-0 was collected on 24th February 1933 and another amount of Rs.219 on 7th March 1933. If the Advocate General agrees with the revised opinion of the Government Solicitor that penal interest is leviable only on instalments in arrears and not on the entire amount called in and outstanding against the borrower, it would appear

that the above amounts are due to Mr. Ramanna and would perhaps be allowed to carry interest at ~~6~~ 6% per annum. The suit notice, it will be observed, demands payment of the excess amount collected before the 1st April 1934, failing which a suit is threatened.

3. In the circumstances I request that early orders may issue as to the action to be taken on the suit notice.

Copy of letter No.832 dated 8th March 1934 from the Government Solicitor, Madras, to the Director of Industries, Madras.

Subject: Late Match Factory of Muthyala Ramanna, Bellary, Ref. Your letter No.595-A/33 dated 28th February 1934.

I have now perused the copy of the letter dated the 27th January 1934 sent by a Vakil at Bellary on behalf of the above Muthyala Ramanna in which he claims that as on a true and proper construction of the bond his client is not liable to pay any penal interest his client is now entitled to a refund of a sum of Rs.1,774-8-5. I am asked to advise whether such claim is tenable.

2. In his said letter the Vakil states that there is no provision for such a step either in the Mortgage Bond or in the Rules framed under the State Aid to Industries Act. In this connection I may refer you to para.4 of my letter No. 208 dated the 19th January 1934 in which I have advised that on a true and proper construction of Rule 22 of the Rules framed under the State Aid to Industries Act penal interest can be charged only on instalments of interest or principal and interest which are in arrears and not on the total amount of the loan which has become due by reason of the failure of the borrower to observe one of the conditions ~~xxxx~~ contained in the Mortgage deed. On principle therefore I do not see any difference between the present case and one on which I have already advised. As the matter has now

assumed an important shape I can only suggest that the question of the right to collect penal interest under the said Rule may be referred to the Advocate General for his opinion and action taken as advised by him.

Copy of letter No.208, dated 19th January 1934, from Arthur Thomas, Esq., Government Solicitor, Madras to the Director of Industries, Madras.

Loan to L. Nanjundaswamy - Recovery of -

I have the honour to acknowledge receipt on the 21st December 1933 of your letter No.7/31, dated the 19th December 1933.

2. I gather from the said letter that a silk reeling machine belonging to the abovesaid person was attached and put up for sale by auction by the Collector of Coimbatore but as bids for the same were for amounts much less than the actual price of the machine in question the property was not sold at such auction. As your department require one such machine I am asked to advise whether the machine may be taken over by your department without a fresh sale.

3. I am of opinion that under the circumstances there must be a fresh sale by auction at which an employee of your department may bid for the same. As such sales are always viewed with suspicion by Courts of Law, sufficient publicity of the sale by auction should be given and due notice of the sale should also be given to the owner of the property.

4. With regard to the question of penal interest now proposed to be claimed by you I take it that you propose to claim such interest under Rule 22 of the Rules made under the State Aid to Industries Act. I have considered the provisions of the said Rule and must say that it appears to me that no penal interest can be claimed in the present case. The Rule in question provides that penal interest at a particular rate

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Copy of letter from S.Narasinga Rao, Vakil, Bellary to the Secretary of State for India in Council represented by the Collector of Bellary.

Ref. State Aid to Industries Act - Loan granted to Muthyala Ramanna, Bellary Match Factory.

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I have been instructed by my client Muthyala Ramanna to issue a notice as follows:-

(1) That the Government granted a loan of Rs.20,000 under above above Act to my client and my client executed a mortgage deed on 23rd September 1927. In pursuance to/that contract of mortgage, the amount of Rs.20,000 was paid to my client on 29th September 1927, interest being chargeable at 6½ per cent per annum.

(2) As you know, the Factory was destroyed by fire and my client made payments to you as follows towards the above said debt. The following are the payments made:-

(1) Rs.1500-0-0 on 17-9-30 sale price of machinery.
(2) " 2265-0-0 on 30-9-30 -do-
(3) " 19590-12-0 on 27-1-32 From the New India Insurance Company.
(4) " 137-2-0 on 22-3-32 -do-
(5) " 3377-12-4 on 24-2-33 -do-
(6) " 369-14-11 not known -do-
(7) " 219-0-0 on 7-3-33 From Zacria Sait.

27,659-10-1.

3. From the statement of account sent to my client by the Director of Industries, Madras on 5-12-33, my client finds that penal interest has been charged at various stages on the amount due under the above said mortgage bond.

4. On a true and proper construction of the bond, my client is advised that no penal can be charged since there is no provision for such a step either in mortgage bond or in the rules framed under the State Aid to Industries Act, V of 1923.

5. My client is liable to pay only simple interest at 6½ per cent from the date of payment of the loan viz., 29-9-1927.

6. The following is a correct account of the transaction:-

Principal:	Rs.20,000- 0- 0
(i) Interest on the above at 6½% from 29-9-1927 to 17-9-30.	3,860-13- 2
	23,860-13- 2
Deduct amount paid on 17-9-30.	1,500- 0- 0
	22,360-13- 2
(ii) Interest on Rs.20,000 at 6½% from 17-9-30 to 30-9-30.	46- 4-10
	22,407- 2- 0
Deduct amount paid on 30-9-30	2,265- 0- 0
	20,142- 2- 0
(iii) Interest on Rs.20,000 at 6½% from 30-9-30 to 27-1-32	1,723-13- 4
	21,865-15- 4
Deduct amount paid on 27-1-32	19,590-12-10
	2,275- 2- 6
(iv) Interest on Rs.2275 at 6½% from 27-1-32 to 22-3-32	22- 4- 6
	2,297- 7- 0
Deduct amount paid on 22-3-32.	137- 2- 0
	2,160- 5- 0
(v) Interest on Rs.2160/- at 6½% from 22-3-32 to 24-2-33	130- 6- 5
	2,290-11- 5

7. It will be seen from the above account that a sum of Rs.2290-11-5 was due on 24-2-33 but Rs.3377-12-4 was collected ~~from~~ on that date, so that there was an excess collection of Rs.1087-0-11. Subsequent to that date a sum of Rs.588-11-0 was collected. The interest on these two sums at 6½% from the respective dates of collection comes to Rs.96-6-6. Thus in all a sum of Rs.1774-8-5 is due to my client.

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8. Please take notice that if the above said amount is not paid by 1-4-34 a suit will be filed against you for recovery of the same. You will be liable for all costs. The cause of action in favour of my client arose on or after 24-2-32 when excess amount were collected at Bellary when the contract of mortgage was entered into.

State Aid - Bellary Match Factory.

Statement of Account.

	Principal. Rs.	Simple interest. Rs.	Penal interest. Rs.
I Instalment.			
1. From 1-10-28 to 17-9-30 penal interest on Rs.1822-2-0 at 10% for 1 yr.11 m.16 days.	515 0 0	1307 2 0	357 7 7
II Instalment.			
2. From 1-10-29 to 17-9-30 penal interest on Rs.1815 @ 10% 351 days.	548 8 0	1268 8 0	174 8 7
Total due on 17-9-30 excluding 18 remaining instalments.	1063 8 0	2573 10 0	531 15 7
Amount received (Rs.1500) on 17-9-30.		968 0 5	531 15 7
Balance due on 17-9-30 excluding 18 remaining instalments.	1063 8 0	1605 9 7	..
3. From 17-9-30 to 30-9-30 penal interest @ 10% on Rs.2669-1-7. 13 days.			9 8 0
Due on 30-9-30 excluding remaining 18 instalments.	1063 8- 0	1605 9 7	9 8 0
4. Received on 30-9-30 (Rs.2265)	649 14 5	1605 9 7	9 8 0
5. Balance on 30-9-30 excluding remaining 18 instalments.	413 9 7	...	
6. From 30-9-30 to 27-1-32 1 Yr. 119 days @ 10% penal interest on Rs.413-9-7			54-13- 5
III Instalment.			
7. From 1-10-30 to 27-1-32 Rs.1815 @ 10% penal interest 1 year and 118 days.	584 2 0	1230 14 0	240 2 10
IV Instalment.			
o. From 1-10-31 to 27-1-32 Rs.1815 @ 10% penal interest 118 days.	662 2- 0	1192 14 0	58 10 10
Due on 27-1-32 excluding 16 remaining instalments.	1619 13 7	2423 12 0	353 11 1
9. Balance of principal on 1-10-31 Rs.17,730-4-0 @ 6½% from 1-10-31 to 27-1-32 - 118 days.	17730 4 0	372 9 3	
10. Due on 27-1-32	19350 1 7	2796 5 3	353 11 1
11. Received on 27-1-32 (Rs.19,590-12-10)	16440 12 6	2796 5 3	353 11 1
12. Balance due on 27-1-1932	2909 5 1		

APPENDIX.

Statement of Accounts.

State Aid - Bellary Match Factory.

Principal Rs.20,000 paid on 29th September 1927.

	Principal.	Interest simple.	Interest penal.
1. From 1-10-1928 to 17-9-30 penal interest on 1822-2-0 at 10% for1 yr. 11 m. 16 days.	515	1,307- 2- 0	357- 5-
2. From 1-10-28 to 4-5-29 on Rs.19,485 at 6½% for 215 days.	19,485	746- 0- 7	
3. From 4-5-29 to 17-9-30 on Rs.20,231 at 10% 1 yr. 4m. 13 days.			2770- 8-4
Total due on 17-9-30	20,000	2,053- 2-7	3127-13-9
4. Receipt of sale price of machinery on 17-9-30			1500- 0-(
Balance due	20,000	2,053- 2-7	1627-13-
5. From 17-9-30 to 30-9-30 13 days. 20,231- 0- 7 plus 1,822- 2- 0 = 22,053- 2- 7 at 10% for 13 days.	20,000	2,053- 2-7	79-10-3
Total due on 30-9-1930	20,000	2,053- 2-7	1707- 8-0
6. Receipt of sale price of machinery on 30-9-1930 (Rs.2265)		557- 8-0	1707- 8-0
Balance due on 30-9-30	20,000	1,495-10-7	nil
7. From 30-9-30 up to 27-1-32 at 10% on Rs.21,495-10-7.	20,000	1,495-10-7	2850- 6-2
8. Received on 27-1-32 Rs.19,590-12-10 and apportioned.	15244-12-1	1,495-10-7	2850- 6-(
9. Balance due on 27-1-32.	4755-3-11		
10. Received by the Government Solicitor on 22-3-1932 - Rs.137-2-0 and apportioned.	65-10-8		71-
11. Balance on 22-3-32	4689- 9-3		

	Princial.	Simple interest.	Penal interest.
Penal interest on this amount from 22-3-1932 to 23-2-33.			435- 8-10
Receipt by Government Solicitor on 24-2-1933 Rs.3377-12-4 and subsequently Rs.369-14-11 = 3,747-11-3 apportioned.	3,312- 2- 5		435- 8-10
Balance due on 24-2-33.	1,377- 6-10		
Penal interest on Rs.1,377-6-10 from 24-2-1933 to 6-3-33.			4- 2- 5
Receipt of Rs.219 on 7-3-33 from Zackria Sait apportioned.	214-13- 7		4- 2- 5
Balance due on 7-3-1933.	1,162- 9- 3		

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No.106-A/28. Dated 30th November 1928.

To

M.R.Ry Muthyala Seenappa Ramanna Garu,
Proprietor, Match Factory, Bellary.

Whereas you have executed in favour of the Secretary of State for India in Council an indenture of mortgage dated the 23rd day of September 1927 for the principal sum of Rs.20,000 carrying interest at 6½ per cent per annum And whereas nothing has been paid in respect of the said mortgaged And whereas the mortgaged property has been partially destroyed and the security rendered insufficient as defined in Section 66 of the Transfer of Property Act, Now therefore take notice that the Secretary of State for India in Council hereby requires you on or before the 12th day of December 1928 to give him another sufficient security for your said debt and in default of your so doing the Secretary of State will take such steps against you for the recovery of the mortgage money as he may be advised.

Yours faithfully,

Secretary to the Government of
Madras, Development Department.

Dated

To

M.R.Ry Muthyala Seenappa Ramanna Garu,

Match Factory, B e l l a r y.

WHEREAS you have executed in favour of the Secretary of State for India in Council an indenture of mortgage ~~xx~~ dated the 23rd day of September 1927 for the principal amou of Rs.20,000 carrying interest at 6½ per cent per annum ~~xx~~ AND WHEREAS you have failed to pay the first instalment of Rs.1815-0-0 due and payable by you on the first day of October 1928 and have also failed to comply with the terms of the notice dated the 30th November 1928 and served on you on the 1st December 1928 AND WHEREAS the Secretary of State for India in Council is desirous of exercising the power of sale conferred upon him by the Indenture of mortgage aforesaid The Secretary of State for India in Council hereby gives you notice that you are required forthwith to pay off the moneys owing to the Secretary of State by virtue of the Indenture aforesaid and further gives you notice that unless the same be paid to the Secretary of State on or before the expiration of three calendar months from the date of service upon you of this notice the Secretary of State will proceed to exercise the power of sale conferred upon him by the said Indenture of mortgage and sell the properties comprised in the said Indenture.

Yours faithfully,

A.McG.C. Tampoe

Secretary to the Government of Madras, Development Dept.

By order and direction of the Governor acting with Ministers for and on behalf of the mortgagee, the Secretary of State for India in Council.